

**Citizens Action Coalition of Indiana
Reply Comments
IURC Rulemaking No. 04-02**

In response to comments filed by the Indiana Electric Association, Citizens Gas, and other utilities, the Citizens Action Coalition of Indiana disagrees with many of the claims made by these utilities regarding the impacts of the new proposed rule.

First, the Utilities have all urged the IURC to look narrowly at the gas deposit issue and leave many of the other positive aspects of the proposed rule to be considered during a later workshop process. While natural gas prices and the need for heat in the mid-west particularly this time of year is essential, electricity and telephone service can be just as critical to a customer's health and safety. We echo comments made by the Office of Utility Consumer Counselor supporting the standardization of these rules for all utilities to reduce confusion and save time.

Many utilities have reduced their meter reading staff, closed customer service centers and cut back on maintenance. While these measures have reduced their costs, they have not improved service. New automated billing systems that can estimate bills only help utilities with billing and are not a substitute for providing basic levels of customer service. CAC supports the need to provide accurate meter reading for customers when they establish or discontinue service. While there may be additional costs for this basic service, prior to modern billing systems and other technology, utilities were able to read meters every month for their customers and provide offices for their customers to go and

talk to a service representative about their bill. Many of these services are currently still built into rates even though they have been severely curtailed. Additionally, many meter readers and other employees could be hired to improve service for the costs of just one executive compensation package.

The utilities claim that the new proposed rules will dramatically increase costs for their paying customers because the number of those who are "unwilling" to pay may increase. While abuse certainly exists, it represents a very small percentage of the overall bad debt for these utilities and is often exaggerated. Those "unable" to pay part of their bill will benefit from innovative programs such as the Universal Service Programs offered by Citizens Gas and Vectren. Thru these programs, more customers should be able to afford their bills and the number of disconnections and bad debt should decrease. Money that might go toward a deposit under current rules will more than likely now be available to apply toward the actual bill further reducing possible arrearages.

The utilities have also said that if the rules are adopted as proposed that a bad debt tracker or other mechanism be allowed so that they may reduce their risk of increasing bad debt. Utilities already have a mechanism through the general rate making process to recover bad debt. They can also recover any additional IT costs associated with adjusting their billing systems. Allowing utilities to track bad debt costs would reduce their incentive to better manage their collection efforts from all customers, as bad debt results from all customer classes.

The IEA and others have asked for a small company exemption, claiming the burden on many smaller utilities would be too great and the rules would somehow change the nature of their close relationship with their customers. Since many of these utilities have fewer customers who they, in many cases know, and already work with, the new proposed rules should simply work to improve this relationship and work to ensure that these companies do not lose sight of this relationship, which has clearly occurred among some larger utilities.

Finally, the IEA has raised a concern that the IURC may be overstepping its statutory authority granted by the legislature, yet it was the legislature that in fact has deferred to the IURC to look at these rules in the first place and use their expertise to develop changes. The IURC staff has clearly used its expertise to develop the proposed rule and while there are areas CAC believes the rule can be improved, it is clear that a great deal of effort and consideration has been applied.

This concludes our reply comments.